

FINANCE COMMITTEE

MINUTES

The Finance Committee Meeting of the City of Willmar met at 5:15 on Thursday October 24th, 2019, in Conference Room No. 1 at the City Office Building.

Present:	Audrey Nelsen	Chair
	Andrew Plowman	Member
	Fernando Alvarado	Member
	Julie Asmus	Member

Others present: Finance Director Steve Okins, City Clerk Judy Thompson.

Item No. 1 **Call to Order**

The meeting was called to order at 5:15 p.m.

Item No. 2 **Public Comments**

There were no Public comments.

Item No. 3 **Recommended Action Items for the Council**

Tax Forfeited Parcel Valuation – (Motion)

At the last Finance Committee meeting, members were informed that Parcels No. 95-668-1700, 95-668-4900, and 95-913-1115, all of which are vacant lots, have been forfeited to the State of Minnesota for non-payment of property taxes. As such, Kandiyohi County has valued these parcels at \$300, \$100, and \$200, respectively and there are no special assessments owing against said parcels. At that Finance Meeting, it was the consensus of the committee to send this matter back to Public Works Director Sean Christensen, prior to authorizing the County to sell these parcels, to provide further clarification of why the City would not benefit from owning them, particularly because of their location and storm water issues.

At the last Council meeting, action was taken to direct the City to purchase Parcel 95-913-1115 which was considered to be beneficial for the City to own because of storm water drainage. The cost to the City is the established value of this parcel of \$200 plus filing fees.

Staff recommended that the remaining two properties, Parcels No. 95-668-1700 and 95-668-4900 should be put up for sale at the public auction via the Kandiyohi County Auditor's Office. A memo from Public Works Director Sean Christensen stated that there would be no benefit to the City to own these two parcels.

It was moved to recommend by Councilmember Asmus and seconded by Councilmember Plowman a motion to allow Parcels 95-668-1700 and 95-668-4900 to be put up for public auction via the Kandiyohi County Auditor's Office.

Senior Citizens Assessment Deferment – (Resolution)

Willmar Municipal Code, Chapter 5, Article V, Special Assessments and the City's Comprehensive Assessment Policy offer the option to defer special assessments to senior citizens, disabled, or active military deferrals meeting certain income guidelines. This year's project, the 2019 Street and Other Improvements, received four qualifying applications. Staff is recommending these applications for deferment be approved as follows: Parcel 95-184-0380 owned by Orestes and Maria Aguilar for \$4,250.00, 95-184-1320 owned by Kenneth B. and Roseann Herzberg for \$12,750.00, 95-360-0100 owned by Ralph W. and Evelyn Olson for \$6,690.35, and 95-184-0370 owned by Douglas and Diane Madison for \$4,250.00.

It was moved to recommend by Councilmember Plowman and seconded by Councilmember Alvarado to introduce a resolution approving the deferment of the 2019 Special Assessments for the four properties as presented totaling \$27,940.35.

Certify Unpaid Utility Charges – (Resolution)

Annually, the Willmar Municipal Utilities (WMU) provides a list of unpaid utility bills to the City for certification to the County Auditor per Section 16-127 of the Willmar City Code which states that such unpaid utility bills represent a lien on the real property receiving utility services. Further, WMU has offered the owner the right to request an appearance before the Commission to make objections to payment. After holding that meeting, WMU adopted Resolution No. 37 on September 23, 2019, requesting that the Willmar City Clerk certify the unpaid utility charges as a lien on the real property. The Finance Committee was presented with this year's list of 13 parcels totaling \$6,078.90.

It was moved to recommend by Councilmember Alvarado and seconded by Councilmember Asmus a motion to introduce a resolution certifying the Willmar Municipal Utilities list of unpaid utility charges totaling \$6,078.90, as presented, to Kandiyohi County for collection with the 2020 real estate taxes.

Item No. 4 Discussion Items for the Council

The September 30, 2019, Financial Report was presented to the Committee. The status of various capital improvement expenditures were discussed as well as operating revenues and expenditures in both the General Fund and Waste Treatment Fund.

The Mayor's 2020 Proposed Budget was discussed, particularly the items to be reviewed at the Full Council meetings on November 7th and November 21st. The following questions from Councilmembers have been addressed to date – to be discussed on the 7th:

Question #1. Can you show Reserve accounts/amounts used in the 2020 proposed budget, particularly one-time dollars? The one-time Reserve amounts used are approximately \$1.7 million. Of that amount, \$840,000 is excess funds from prior operating years as of 2018 and \$870,000 is from the Insurance Buy-out Program which was terminated earlier this year. This \$1.7 million has been used in the 2020 budget for part of the NonDepartmental Expenditures, particularly for personnel costs, health insurance, etc.

Question #2. Can you identify all new expenditures over \$20,000, not included in the 2019 budget? Both revenues and expenditures affected by this, whether increasing or decreasing, have been noted below:

Revenues:	Current Ad Valorem	\$526,821 (plus \$147,000 per recent Committee Action)
	Franchise Fee (Gas)	\$245,000
	Building Permits	\$101,467
	Local Gov. Aid	\$272,259
	PERA Aid	\$(31,494)
	Shared Hwy Tax MSA	\$ 26,000
	Warhawks	\$ 52,500
	Curling	\$ 20,000
	Ice Rental	\$(72,500)
	Parks & Rec Charges	\$ 31,800
	Interest Earning	\$ 60,649
	Insurance Reimbursements	\$ 50,000
	Insurance Pass Thru	\$ 20,000
Expenditures:	City Administrator – Prof Serv.	\$149,121
	Planning Personnel Costs	\$ 28,732
	Intern	\$10,000

Finance Personnel Costs	\$ 108,319
Add'l Position	
IT Licenses and Taxes	\$(36,000)
Elections Personnel Costs	\$ 72,983
Other Charges-Machines	\$ 33,000
NonDepartmental	
Employer Ins/Pers Costs	\$1,378,770
Retired Employee Ins	\$(35,410)
Refunds/Reimburse.	\$(100,000)
Fire Protection	
Personnel Costs	\$ 117,754
Additional Position	
Engineering Personnel Costs	\$ 26,595
Professional Services	\$(40,000)
Public Works Personnel Costs	\$ 69,079
Mtce of Other Improve	\$(36,500)
Parks & Rec Personnel Costs	\$(243,552)
Small Tools	\$ 23,000
Professional Services	\$ 30,000
Civic Center Personnel Costs	\$(31,157)
Aquatic Center Personnel Costs	\$(25,408)
Transfers	
Airport	\$ 119,197
Misc Projects	\$(208,103)
Capital Improvements	\$ 89,675

Question #3. Can you identify all 2019 budget expenditures with greater than 20% increases in the 2020 budget? 2019 items with 20% increase or decrease? A brief review highlighted the main points, with many of these items being not material in nature. Further budget questions should be addressed to the City Administrator as needed.

Non-funded capital items were briefly discussed, including the lights at the ball field for \$315,000. Franchise Fees were also discussed, including options of how to structure the fees charged.

Clarifications will be provided on the Eagle Lake Sewer Lift Station improvements, the short term improvements at City Hall for \$90,000, the Police Department Search Robot for \$18,000, ticket automation, insurance reimbursements, Planning Personnel Costs, NonDepartmental Refunds and Reimbursements, and Public Works Personnel Costs and Maintenance of Other Improvements,

Further discussion is needed on the \$870,000 for fixed charges, the \$147,000 in additional levy, the \$245,000 in new franchise fees, the new assistant city administrator position, personnel insurances, the PIR funding possibility for the lights at Swansson field, the new assistant fire chief and accounting clerk positions, the HR and Planning Interns, capital improvements, streets, and water rates.

The Finance Committee Meeting Calendar and future agenda items were briefly summarized.

There being no further business to come before the Committee, the meeting was adjourned at 7:25 PM by Chair Nelsen.

Respectfully submitted,



Carol Cunningham
Accounting Coordinator